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IN THE

Supreme Court of the United States

October Term, 1960

No. 364

[illegible] RAY HENDERSON and MEL TORSHIN,
[illegible] of the Estate of MORT DIXON,
Petitioners,

vs.

BOURNE, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
[illegible] STATES COURT OF APPEALS FOR
THE SECOND CIRCUIT.

BRIEF OF RESPONDENT BOURNE, INC., IN OPPOSITION

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IN THE

Supreme Court of the United States

October Term, 1960

No. 364

BILLY ROSE, RAY HENDERSON and MEL TORME, as Executor of the Estate of MORT DIXON,

Petitioners,

vs.

BOURNE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT.

BRIEF OF RESPONDENT BOURNE, INC., IN OPPOSITION

THE OPINIONS BELOW

The opinion of the Court of Appeals is reported at 279 F. 2d 79; and a copy thereof is annexed to petitioners' "Petition" as an appendix.

The principal opinion of the District Court (Dimock, J., dated September 15, 1959), determining the merits in favor of respondent, is reported at 176 F. Supp. 605, and fully printed at pages 74a-85a of petitioners' "Appendix" to their appellants' brief in the Court of Appeals.

The *second* opinion by the District Court (dated December 31, 1959) granting respondent an allowance for attorney's fees, was not officially reported, but is fully printed at pages 111a to 113a of petitioners' "Appendix" to their brief in the Court of Appeals.

JURISDICTION

Petitioners are purporting to invoke the jurisdiction of this Court under 28 U. S. C. 1254(1).

STATUTES INVOLVED

The statutory provisions involved herein are Sections 24 and 116 of the U. S. Copyright Act (17 U. S. C. 24, 116).

QUESTIONS PRESENTED

1. In view of this Honorable Court's determination in *Fred Fisher Music Co.* v. *M. Witmark & Sons* (318 U. S. 643), holding that an author may assign his expectancy in his future right of renewal of copyright—was the Court of Appeals correct in affirming the judgment of the District Court which declared defendant respondent to be the legal owner of the renewed copyright of the song "That Old Gang Of Mine", by virtue of the concededly agreement dated April 19, 1923, in which the authors petitioners assigned that musical composition to respondent's predecessor, along with specified rights in that song including "* * * all copyrights, and the rights to secure copyrights and extensions and renewal of copyrights. * * *", and the District Court's finding—which the Court of Appeals adopted as an "excellent analysis of the question as applied to the *facts of this case*" (app. to petition, p. 3a)—that the 1923 assignment was supported by adequate consideration?

2. Did the Court of Appeals and the District Court correctly hold that an assignment of the expectancy in the future right of renewal, supported by adequate consideration, implicitly conveyed to the assignee, an implied power of attorney enabling the assignee to apply for the renewal of copyright—without the need of procuring a second assignment of the renewal from the author assignor—by means of an action for specific performance or otherwise? In brief, did the Court of Appeals correctly deem applicable the equitable principle that equity will deem done, that which in good conscience and morals a Court of Equity would direct should be done?

3. Did the Court of Appeals and the District Court correctly hold—in keeping with the determinations by this Court in *Barrihean v. Brant* (17 How. [U. S.] 43); *Rutland Marble Co. v. Ripley* (10 Wall. [U. S.] 339); *Franklin Ins. Co. v. Harrison* (145 U. S. 459)—that adequacy of consideration must be judged as of the time at which the contract was entered into, and if valid then—that subsequent introduction of new means of exploitation such as radio and television, cannot erase the adequacy of consideration which existed at the making of the contract? Wasn't this settled principle particularly applicable herein in view of Findings of Fact "12" and "13" (pp. 71a-72a of petitioners' "appendix" in the Court of Appeals) to the effect that petitioners had received and retained royalties from respondent, as well as from ASCAP, which included royalties for licensing the use of the song by means of the subsequently developed new devices?

4. Since petitioners seek to have this Honorable Court analyze the evidence and reverse the concurrent findings made by both Courts below that there was adequate consideration for the assignment of the renewal to respondent herein—do not settled principles of procedure growing out of prescribed jurisdiction, preclude such factual review by this Court, and compel dismissal of the "petition"?

STATEMENT OF THE CASE

Petitioners are seeking review of the judgment entered upon the order of the Court of Appeals for the Second Circuit, which unanimously affirmed the declaratory judgment in favor of the respondent herein on its counterclaim, declaring respondent to be legal owner of the renewed copyright upon the song "That Old Gang Of Mine" (176 F. Supp. 605).

Both the District Court as well as the learned Court of Appeals found on undisputed evidence (2a) that on April 1923, the authors "assigned to defendant's (respondent's) predecessor the musical composition 'That Old Gang Of Mine', along with certain specified rights in that song including: * * * all copyrights and the rights to secure copyrights and extensions and renewal of copyrights * * *".

Both the District Court (p. 83a of petitioners' appendix in the Court of Appeals) as well as the Court of Appeals found as a fact "that the 1923 assignment was supported by adequate consideration and we adopt his (Judge Dimock's) excellent analysis of the question as applied to the facts of this case, 176 F. Supp. 605, 611-12" (p. 3a of petitioners' appendix in this Court).

In their petition in this Court, petitioners for the first time concede that the determination by this Court in *Fred Fisher v. Witmark* (318 U. S. 643) is controlling and completely disposes of petitioners' contention in the Courts below that a composer could not in advance of the renewal period effectively and validly assign his expectancy in his future right of renewal.

Petitioners concede that at the making of the contract "there was consideration to support an assignment * * *" (p. 9 of petition). Petitioners' primary claim of error erroneously assumes that the *subsequent* introduction of new devices such as radio and television as means of exploiting the song, rendered the original concededly ade-

quate consideration, inadequate so as to invalidate the previously executed assignment of the renewal (see pp. 8-9 of petition herein).

As we shall hereinafter demonstrate, petitioners' contention is not only frivolous as a matter of law, *Rutland Marble Co. v. Ripley* (10 Wall. [U. S.] 339), *Bassetboom v. Bratt* (17 How. [U. S.] 43), *Frankfort Tel. Co. v. Harrison* (145 U. S. 459), but also factually contradicted by the Court's Findings of Fact numbered "12" and "13", unanimously affirmed by the Court of Appeals—that:

> "12. In the period from April 1923 to April 1951, the plaintiff authors herein received from defendant (on account of the sale and licensed use of 'That Old Gang Of Mine'), royalties in the aggregate sum of $55,349.51; and in addition thereto, plaintiffs have received from ASCAP, (of which organization plaintiffs have at all times involved herein, been members), their respective shares of the composer group's fund, realized by ASCAP from the licensing for performance of its composer members' musical compositions, including 'That Old Gang Of Mine' for non-dramatic performances on radio, television, theatre, dance halls and other places of public entertainment.
>
> "13. Included in the aforementioned royalties aggregating the sum of $55,349.51 which defendant paid and plaintiffs received under the agreement of April 19, 1923, there were included royalties for the licensing of performances of 'That Old Gang Of Mine' in film synchronizations and electrical transcriptions—both of which means of exploitation were introduced into commercial use after April 19, 1923, when the original agreement of assignment was entered into; and the royalties paid, were at the same 3¢ rate fixed by the agreement in suit for mechanical reproduction."

Supplementing the foregoing "Findings", in his "Opinion", the learned District Judge found as a fact that:

> "Film synchronization rights and electrical transcriptions have been treated as 'mechanical repro-

ductions' within the terms of the instrument of April 19, 1923, and royalties have been paid accordingly so that there is considerable doubt as to the factual basis of the composers' claim" (p. 82a of appendix in Court of Appeals).

There is therefore no doubt, that petitioners' grounds for review by this Honorable Court is as fictitious factually, as it is frivolous legally.

As to Petitioners' Second Alleged Ground for Review:

Petitioners contend that the learned Courts below erred in granting respondent an allowance of counsel fees as part of the costs—as authorized by Section 116 of the Copyright Act.

The Court of Appeals found that the allowance granted by the District Court did not "constitute an abuse of discretion here" (p. 4a of petitioners' appendix).

ARGUMENT

THIS HONORABLE COURT WILL NOT ANALYZE THE EVIDENCE TO DISTURB *FINDINGS OF FACT* CONCURRENTLY ADOPTED BY THE TWO LEARNED COURTS BELOW.

Significantly, petitioners do not even attempt to challenge any of the factual findings made by the learned District Court, and unanimously adopted by the Court of Appeals, which are dispositive of this case, since each of them is established by undisputed documentary evidence such as the royalty statements furnished to petitioners during the entire 28 year term of the copyright. Nevertheless, at pages "8" and "9" of their petition, petitioners attempt to persuade this Court to arrive at contrary factual conclusions concerning the adequacy of the consideration for the assignment of the expectancy in the right of renewal—a function which this Honorable Court—for juris-

factual reasons has long refused to perform. However, in order to hurdle this obvious bar to factual review by this Court, petitioners struggle with a phantom issue, which is fact and groundless. As the Courts below found, petitioners were paid their royalties for use of their combination by new devices. Hence the alleged "issue" which petitioners tender, is completely fictitious. But even if the facts were otherwise, as we shall demonstrate, the law has long been settled, that adequacy of consideration is not affected by change in circumstances occurring *after* the contract has been entered into. If there was no inadequacy at the making of the contract, none can arise from subsequent events. Pomeroy's Equity Jurisprudence, 5th Edition, Vol. 3, p. 688 and cases discussed at pages 9-10 *supra*).

Concerning this Honorable Court's refusal to analyze evidence for the purpose of reviewing findings of fact concurrently approved by two courts below, this court, in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U. S. 271, said:

> "Rule 52(a) of the Federal Rules of Civil Procedure, 28 U. S. C. A., provides in part: 'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.' . . .
>
> . . . .
>
> A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. Goodyear Tire & Rubber Co. v. Ray-O-Vac Co., 321 U. S. 275, 64 S. Ct. 593, 88 L. Ed. 721; District of Columbia v. Pace, 320 U. S. 698, 64 S. Ct. 406, 88 L. Ed. 408; Williams Mfg. Co. v. United Shoe Machinery Corp., 316 U. S. 364, 62 S. Ct. 1179, 86 L. Ed. 1537; Baker v. Schofield, 243 U. S. 114, 118, 37 S. Ct. 333, 334, 61 L. Ed. 626" (pp. 274-5).

The self-imposed stricture against review of evidence by this Court, to weigh the accuracy of the lower courts' findings, is so basic, that even *after* granting certiorari if it becomes apparent from the briefs or the argument of the appeal, that what petitioners in effect are seeking, is factual review by this Court, the writ must be dismissed, as improvidently granted. *Southern Power Co. v. North Carolina Public Service Company* (263 U. S. 508); *Houston Oil Company of Texas v. Goodrich* (245 U. S. 440); *Farmers W. & Co. v. Yang-Tsze Ins. Assoc.* (242 U. S. 430).

As this Honorable Court said in the *Southern Power* case (*supra*):

> "This writ must be dismissed. * * * The argument developed that the controverted question was whether the evidence sufficed to establish actual dedication of petitioners' property to public use, is primarily a question of fact." (p. 509)

Petitioners concede—at page 9 of their petition herein—that the Courts below "could have found on this record * * * that there was consideration to support an assignment of those uses under the renewal copyright". But—argue petitioners—since the initial consideration could not have contemplated "means of reproduction of music which developed after the signing of the contract in 1923", the subsequent introduction of new means of reproduction of music, rendered the originally adequate consideration, inadequate. All of the authorities, are to the contrary. (See cases discussed at pages 9-10, *infra*.)

But even if the law were otherwise, the learned Court's "Findings" establish that the parties treated the new means of reproduction of music—"Film synchronization rights and electrical transcriptions have been treated as 'mechanical reproductions' within the terms of the instrument of April 19, 1923, and royalties have been paid accordingly * * *." (Appendix in Court of Appeals, p. 82a)

Nor should it be overlooked that in the District Court, petitioners conceded that the original assignment of April 19, 1923, embraced the right to exploit the song by means unknown and not within the contemplation of the parties when the contract was made, thus giving effect to the principle of *Kalem Co.* v. *Harper Bros.*, 222 U. S. 55).

Thus, petitioners' assumption in their claim of error, that they received no royalties for the use of their composition by new means and devices introduced after the date of the contract, is conclusively disproven by the lower courts' "Findings" to the contrary.

In any event, even if the facts were to the contrary, it is elementary, that adequacy of conside[illegible] to be judged as of the time when the contract is made—and subsequent events may not be considered.

Pomeroy in his work on "Equity Jurisprudence" states the standard to be applied:

> "As to the time of the inadequacy, in order that it may ever be fatal, it must exist at the concluding of the contract. If it was not inadequacy at the making of the contract, none can arise from subsequent events or change of circumstances." (5th Edition, Vol. 3, p. 638)

In *Prospect Park & C. I. R. Co.* v. *Coney Island & B. R. Co.*, 144 N. Y. 152, Judge Bartlett, citing this Court in *Railroad Muhlle Co.* v. *Ryder*, 20 Wall. (U. S.) 339), said:

> "The rule established by the above and kindred cases is that a contract is to be judged as of the time at which it was entered into, and it fairly will not make the fact that it has become a hard one by the force of subsequent circumstances or changing events will not necessarily prevent its specific performance." (p. 162)

Similarly, in *Barrieau v. Brant* (17 How. [U. S.] 43), Chief Justice Taney said:

> "The inadequacy must be tested by the value of the property at the time of the sales, and not by its present value".

To the same effect: *Franklin Tel. Co. v. Harrison* (145 U. S. 459).

In all of the foregoing cases, the actions were for specific performance where the test for adequacy of consideration is highly sensitive. *A fortiori*, where as in the case at bar, the petitioners seek after 26 years to disestablish respondent's ownership of the renewed copyright merely because new devices, bringing new sources of income, came into being after the agreement, petitioners' contention must be rejected as a matter of law.

Petitioners' contention that the declaratory judgment herein was not recovered in an action under the Copyright Law, and that therefore the courts below were without power to grant an allowance for counsel fees—is a distortion of the record.

At page "10" of their petition, petitioners argue that the lower court's power to grant an allowance of counsel fees rests solely upon the statutory provision in the Copyright Act—and that the declaratory judgment which respondent recovered herein, judicially establishing respondent's ownership of the renewed copyright, cannot be deemed to be in an action or proceeding brought under the Copyright Act.

Respondent respectfully submits that it would be difficult to conceive of a more specious contention, since the determination hinged solely upon the provisions of Section 24 of the Copyright Act. Certainly, the factor determinative of whether an action or proceeding is brought under or by virtue of the Copyright Act, cannot hinge on the form of the action. From every realistic point of view,

whether the form of the alleged cause of action is one for infringement, or for a declaratory judgment seeking judicial determination of the validity of or title to copyrighted material. Either determination is necessarily made under and by virtue of the provisions of the Copyright Act.

Applying this realistic view, the Court of Appeals in *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 161 Cir. 161 F. 2nd 406, 410, approved an allowance of counsel fees where the action was for a declaratory judgment with respect to the ownership of a renewed copyright.

But even if a contrary view were the law, petitioners significantly omitted to advise this Honorable Court, that this action was instituted by petitioners claiming infringement of the renewed copyright by respondent, to which respondent counterclaimed for a declaratory judgment judicially to establish respondent's ownership of the renewed copyright, and thus negate petitioners' claim of infringement. Petitioners' alleged cause of action for infringement was dismissed *from trial* on petitioners' own motion, and the trial proceeded on respondent's counterclaim for a declaratory judgment which obviously involved the precise issues tendered by petitioners' claim for infringement.

Under settled interpretation of Sec. 116 of the Copyright Law, respondent was entitled to an allowance of counsel fees at the time of the dismissal of petitioners' claim for infringement. *Cooper v. Columbia Broadcasting System*, 9th Cir., 121 F. 2nd 375. In fact, in an opinion denying, without prejudice, respondent's application for an allowance of counsel fees made at the time of the dismissal of petitioners' claim for infringement, the learned District Court stated in his opinion that "The application by defendant (referring to respondent) for counsel fees against plaintiff (referring to petitioners) is therefore

denied without prejudice to a similar application upon the conclusion of the whole case". (See Judge Dimock's opinion printed at p. 21a in appendix to petitioners' brief, in the Court of Appeals.)

Accordingly, at the conclusion of the entire case, when respondent renewed its application for an allowance of counsel fees, the learned District Judge granted the sum which the Court of Appeals affirmed, holding that it did not constitute "an abuse of discretion".

CONCLUSION

THE PETITION FOR A WRIT OF CERTIORARI SHOULD BE DENIED.

Respectfully submitted,

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